R.J. Reynolds
Tobacco Company

November 1, 1995

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To: Dirk Herrman

Subject: Moonlight Tobacco Update (November 1995)

Dear Dirk,

As we discussed earlier today, I personally feel from my observations last week, the "Moonlight" products offer this low share Region a tremendous opportunity to gain ***"NET NEW BUSINESS"***. After calling on approximately 30 Moonlight accounts last Monday night in Manhattan with DM Addessi, these are my observations:

CURRENT

- After the 3 day Division blitz, we now have Moonlight distribution in approximately ***235 retail accounts*** (very targeted).
- The product is definitely gaining consumer interest and most importantly, ***"Consumer Trial"*** in the stores called on.
- The point of sale material apparently does the job by getting the consumers attention. The 30 pack display, appears to be workable in most calls, however it is always in a secondary position due to the high payments from all other cigarette manufacturers.
- ***"Bees, Sedona and Jumbo's"*** are definitely the best selling in the Lower Manhattan area. Of the 30 stores called on, we observed almost total out-of stock conditions on Bees and approximately a 70% out-of-stock rate on Sedona. Sales on City and Metro was slow, however movement was noted.
- Our current Moonlight Representative *(James)* was making good coverage for the week, however one Representative just cannot keep up with the store needs *(what a great problem to have in the city, the brands are selling too fast)!*
- We also found out that consumer offers were extremely easy to make to competitive Marlboro smokers, as well as American Spirit consumers.
- As a last observation, we went into a higher volume store (200 cartons per week) that sells approximately 35 to 40 cartons of American Spirit weekly. In the six days since the Moonlight products had been introduced to the store, 21 cartons had been sold as well as a 30 carton order of Moonlight was being delivered by James the next day. The store owner said that several of the Moonlight purchases were made by American Spirit Smokers.

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Source: https://www.industrydocuments.ucsf.edu/docs/kmxy0000

OUR IMMEDIATE ACTION PLAN:

PROBLEM	ACTION PLAN / NOW
❑ ***Too Many Out-of-Stocks***	❑ *Put Moonlight into 6 additional direct accounts that service Manhattan area. This will allow the approx. 50% of the stores that will carry inventory, to order directly from their supplier when needed. (the other 50%, order from sub-jobbers and are lower volume .... Moonlight Rep's must call on & sell these stores off the car to maintain distribution).*
❑ ***Grow Manhattan from 235 to 400 stores with Moonlight***	❑ *We received approval to change the Moonlight Rep. position from SRT (part time) to Territory Representative (Full time position with benefits). This change will allow us the ability to hire qualified individuals quicker due to higher salary and benefits. We anticipate having all three Moonlight Rep's on the street by the end of November.* ❑ *The Manhattan division Sales Rep's will also continue to support Moonlight in their existing calls, as well as introduce to new calls, until the new Moonlight Rep's are up and running. This will be accomplished as they perform their normal accountabilities.*

PLANNED REGION EXPANSION OF MOONLIGHT:

• ***Priority #1 (see map):*** *With the continued assistance of the Division Sales Representatives, Moonlight available in several direct accounts (available for the stores to order on their own) and having all three Moonlight Representative positions filled, we will continue to expand Manhattan distribution to a min. of 400 stores. The three Moonlight Representatives , once the store has been set-up with Moonlight distribution, display, and advertising, will be able to service 15 calls per day in the future. This is over 220 stores weekly.*

• ***Priority #2 ..... Harlem and Hoboken NJ (see map):*** *Expansion to the Harlem area will be planned in November (approximately 25 targeted calls to start). Introduction of the product and setting the displays and POS will be completed by the Harlem Sales Rep and on-going maintenance will be handled by one of the three Moonlight Reps.*

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The Hoboken NJ expansion will also be targeted for the month of November. This area has an extremely high concentration of young adult population, that in most cases work in Manhattan (take the Hoboken Ferry daily to work). The 30 to 40 targeted calls will be worked by an existing Territory Representative in the marketplace. Unlike Manhattan, these stores are very willing to carry large levels of cigarette inventory, and will order the Moonlight product from the direct accounts weekly if it sells. These stores will be no problem to work.

• ***Priority #3 ..... Staten Island and Flushing (see map):*** *We will begin expanding to these two markets in late November (if possible) or at the latest, in December. Staten Island will be worked totally by one of the three Moonlight Representatives (40 stores).*
The Flushing area of Queens will be worked by the division's existing Territory Representative (40 to 50 calls). This area, which is densely populated with YOUNG ADULT ASIAN AMERICANS, offers a huge opportunity for BEE's in our opinion. The current top selling brands in this market include Wave, Viceroy and numerous other import brands.

• ***Priority #4 ..... Brooklyn (see map):*** *This area of approximately 100 stores also offer a huge opportunity for Moonlight, with the high concentration of young adult smokers. We will expand to this market in* ***January****. With the change to SF2000, we must get the new salesforce up and running with our primary company accountabilities (3 P's) prior to introducing Moonlight.*

Dirk, as you can see, we have set an aggressive action plan designed to get Moonlight in over **500 stores by year-end,** and **over 600 in early January**. We feel this is a very realistic goal now that the region has SF2000 moving in the right direction. As in the past, we will keep you updated on our progress, as well as letting you know of any additional support that we as a region need for Moonlight. **"We look forward to our JOINT SUCCESS with MOONLIGHT in the New York Metro Region".**

Sincerely,

Mark

Mark Young

cc: Dave Wilmesher
DM Tony Addesssi
DM Steve Grossberg
DM Mike McHugh
DM Greg Mitchell
DM Lee Maney
Rory O'Rourke
Lori O'Conner

attachments

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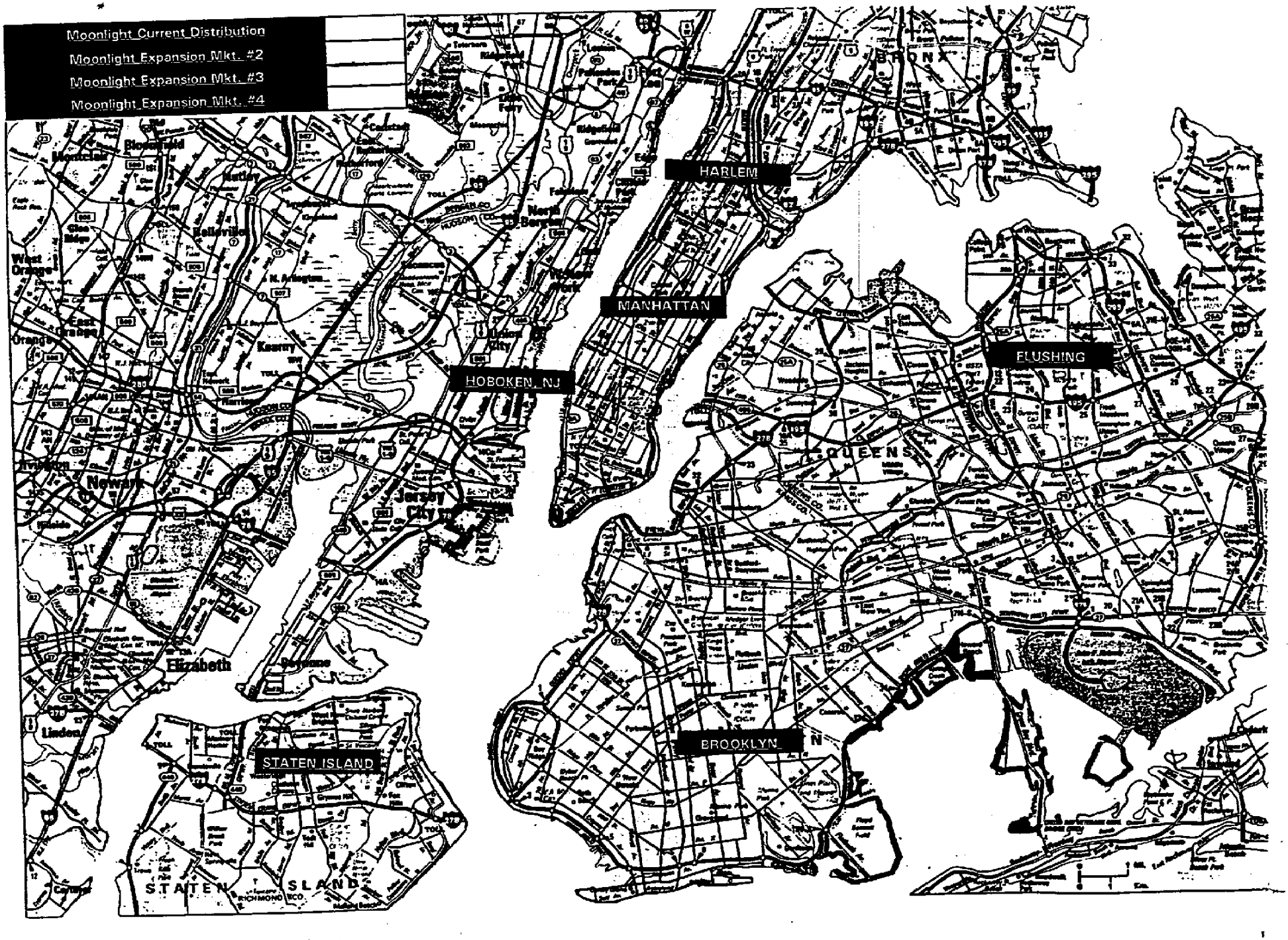

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